



STATE OF TENNESSEE
DEPARTMENT OF LABOR AND WORKFORCE DEVELOPMENT
DIVISION OF WORKFORCE SERVICES
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Workforce Services Policy – Title I Formula Allocation Methodology

Effective Date: This requires a date.

Duration: This requires a date.

Subject:

Allocation of Workforce Innovation and Opportunity Act (WIOA) Formula Funds

Purpose:

Methods and factors used to distribute WIOA funds to Local Workforce Development Areas.

Scope:

Office of the Governor, Tennessee Department of Labor and Workforce Development (TDLWD); Division of Workforce Services (WFS); Tennessee Department of Economic and Community Development (ECD); Tennessee Department of Education (TNED); Tennessee Department of Human Services (DHS); State Workforce Development Board (SWDB); **Title I** – Adult, Dislocated Worker, and Youth Programs, **Title II** – Adult Education and Family Literacy Act Program(AE); **Title III** – Wagner-Peyser Act Program (WP); **Title IV** – Vocational Rehabilitation Program (VR); Regional Planning Council (RPC); Local Workforce Development Boards (LWDB); Local Workforce Development Areas (LWDA); American Job Center (AJC); One-Stop Operator (Operator); Workforce System Sub-Recipients (Sub-Recipients); Workforce System Partners (Partners).

Background:

WIOA requires the Governor of a state to distribute employment and training formula funds to Local Workforce Development Boards and Chief Elected officials who have responsibility for oversight and management of these funds. The explanation and procedure below on how TDLWD distribute formula funds to LWDB is to provide guidance and encouragement to those LWDBs choosing to equitably distribute funds to counties under their responsibility.

I. Distribution of Formula Funds:

The TDLWD receives funding for the three WIOA programs (Youth, Adult and Dislocated Workers)

from the U.S. Department of Labor. The Secretary of Labor distributes these funds based on a set of factors for each of these funding streams. The TDLWD uses the same methodology as the secretary of Labor to distribute funds to Local Workforce Development Areas. TDLWD must distribute WIOA Youth, Adult and Dislocated Worker (DW) activities funds among local workforce areas (subject to reservation of the 15 percent limitation for statewide workforce employment and training activities)¹.

Sub-state allocations must be made available to local areas not later than 30 days after the date funds are made available to the TDLWD or 7 days after the date the local plan for the area is approved.²

States must utilize a minimum percentage (or stop loss) to ensure that no local area receives an allocation percentage that is less than 90 percent of the average allocation percentage received by the local area for the previous two years. An allocation percentage is the local area's share or percentage of funds allocated to all local areas. States must **not** use 90 percent of the average amount allocated to the local area for the last two years. States must obtain amounts necessary to increase allocations to local areas to comply with the minimum percentage requirement by proportionately reducing the allocations to be made to other local areas.

The method of distribution is as follows:

Youth funds:

In allocating Youth Activities funds to local areas, TDLWD may use either the allocation formula described in WIOA sec. 128(b)(2) or the discretionary allocation formula in WIOA sec. 128(b)(3).

Allocation Formula Thirty-three and 1/3 percent of the total funds available for local allocations are allocated based on each local area's relative share of each data factor listed below.

- i. The relative number of unemployed individuals in Areas of Substantial Unemployment (ASUs) in each local area, compared to the total number of unemployed individuals in ASUs in all local areas in the state.
- ii. The relative excess number of unemployed individuals in each local area, compared to the total excess number of unemployed individuals in all local areas in the state. See the definition of "excess number" below which requires a comparison of the excess unemployed in ASUs with excess unemployed in all areas.
- iii. The relative number of disadvantaged youth (age 16 to 21, excluding college students not in the workforce and military), in each local area, compared to the total number of disadvantaged youth in all local areas in the state. The number of disadvantaged youth comes from special tabulations of data from the ACS prepared in accordance with the definition provided in WIOA.

Adult Allocation:

In allocating Youth Activities funds to local areas, TDLWD may use either the allocation formula described in WIOA sec. 133(b)(2)(A) or the discretionary allocation formula in WIOA sec. 133(b)(3).

¹ WIOA sec. 128 and 133

² WIOA sec. 182(e)

Allocation Formula. The adult formula allocations are based on the same factors used in youth formula allocations except for disadvantaged adults age 22 to 72.

Dislocated Workers:

In allocating Dislocated Worker Activities funds to local areas, TDLWD will distribute Dislocated Worker Activities funds among local workforce areas (subject to the Governor's reservation of up to 25 percent for statewide Rapid Response activities)³.

Allocation Formula. Under WIOA, the data factors that must be included are:

- i. insured unemployment data,
- ii. unemployment concentrations,
- iii. plant closing and mass layoff data,
- iv. declining industries data,
- v. farmer-rancher economic hardship data, and
- vi. long-term unemployment data.

The farmer-rancher economic hardship data factor is based on the designation of Significant Migrant Seasonal Farm Worker (MSFW) State, Significant MSFW one-stop center (now branded as American Job Centers), and Significant Multilingual MSFW one-stop centers, in accordance with the number of MSFWs who participate or are estimated to be available to participate in the employment services provided in those states and through those One-Stop Centers ⁴. As Tennessee's number of MSFW participants fall well below the participant threshold for either of the aforementioned Significant MSFW designation, TDLWD assigns a weight of zero to the "farmer-rancher economic hardship data" factor (v.).

The assigned prior Program Year funding allocations weights are reviewed. Subsequently, a recommendation will be prepared as an agenda item at a regular or special meeting of the appropriate weights for consideration and action for the February SWDB meeting.

Attachments:

Attachment I – Sub-State Allocation Formulas and Definitions

Attachment II – Youth and Adult Sub-State Allocations

References:

WIOA Section 128; WIOA section 133; WIOA Section 182(e); TEGL 16-18; and TEGL 20-16.

Effective Date: This requires a date.

Duration: This requires a date.

Contact:

For any questions related to this policy, please contact the Program Integrity Unit at Workforce.Board@tn.gov.

³ WIOA sec. 133(a)(2)

⁴ TEGL 20-16

Kenyatta Lovett, Assistant Commissioner - Workforce Services Division

U. S. Department of Labor
Employment and Training Administration

FOR USE IN SUB-STATE ALLOCATION FORMULAS

Workforce Innovation and Opportunity Act (WIOA) Statutory and Discretionary Formulas for Sub State Allocations

Sub-State Allocations Statutory Formula Descriptions

WIOA Youth Activities

Formula:

- 1/3: Local area relative share of total unemployed in areas of substantial unemployment (ASU) (average 12 months ending 6/30)
 1/3: Local area relative share of excess unemployed (average 12 months ending 6/30)
 1/3: Local area relative share of disadvantaged youth (American Community Survey 2011-2015)

Minimums:

A local area may not receive an allocation percentage that is less than 90 percent of the average allocation percentage of the past 2 years

Maximum: Not allowed

WIOA Adult Activities

Same as Youth Activities, except

Formula uses disadvantaged ADULTS instead of YOUTH

WIOA Dislocated Workers

Formula:

Funds to local areas must be allocated based on a formula created by the Governor using the following 6 data factors:

- Insured unemployment data
- Unemployment concentrations
- Plant closing and mass layoff data
- Declining industries data
- Farmer-rancher economic hardship data
- Long-term unemployment data

The formula will use the most appropriate data available

Weighting a factor zero is not permitted unless a rationale is presented in an approved State Plan.

Minimum:

A local area may not receive an allocation percentage that is less than 90 percent of the average allocation percentage of the past 2 years.

Maximum: Not required, but allowed

Sub-State Allocations Discretionary Formula Descriptions for Youth and Adult Activities

WIOA Youth Activities

Formula:

No less than 70 percent of the funds will be distributed as stated in the statutory formula;

- 1/3: Local area relative share of total unemployed in areas of substantial unemployment (ASU) (average 12 months ending 6/30)
 1/3: Local area relative share of excess unemployed (average 12 months ending 6/30)
 1/3: Local area relative share of disadvantaged youth (American Community Survey 2011-2015)

No more than 30 percent of the remaining funds will be distributed using additional data related to both

- (1) Excess youth poverty in urban, rural, and suburban local areas; **and**
 (2) Excess unemployment above the State average in urban, rural, and suburban local areas

Minimums:

Statutory formula minimum must be applied to 70 percent or greater funds, or to the entire allocation.

Maximum: Not allowed

WIOA Adult Activities

Same as Youth Activities, except

Formula uses disadvantaged ADULTS instead of YOUTH **and** EXCESS POVERTY instead of excess YOUTH poverty

Formula Data Factor Definitions

WIOA Youth and Adults Programs

ASU: contiguous areas with unemployment rate of 6.5 percent or more

Excess unemployed: higher of:

- (1) excess unemployed (unemployment in excess of 4.5 percent) in ASU's; or
 (2) excess unemployed (unemployment in excess of 4.5 percent) in all areas

Disadvantaged adults: individuals, age 22-72, meeting (or member of family meeting):

Census poverty level or 70 percent of lower living standard income level (LLSIL).

Disadvantaged youth: individuals, age 16-21, meeting (or member of family meeting):

Census poverty level or 70 percent of lower living standard income level (LLSIL).

